Press release

weatherXchange announces venture with BHP Billiton

4 March 2002

WeatherXchange announced today that global resources group BHP Billiton has purchased a 7.5% interest in its online weather derivatives service.

Just six months after the launch of weatherXchange Limited - the Met Office's first joint venture within the finance sector - BHP Billiton is investing in the site, realising the importance of accurate weather information to its own worldwide mining, extraction and shipping operations.

weatherXchange was created as a joint venture between the Met Office and derivatives specialists Umbrella Brokers. The service provides value-added actual and forecast data from the Met Office, as well as historical information going back 40 years.

While the European weather derivatives market is largely untapped, in the United States it represents a market worth US$9 billion per annum.

weatherXchange's Cindy Dawes said: "We're delighted to have BHP Billiton on board. BHP Billiton is not only one of the world's biggest natural resources producers but also a significant shipper - both of which are activities susceptible to the weather. They have now shown their interest in weatherXchange by taking a 7.5% share in the company, with an option to increase their stake to 15% within the next 12 months."

weatherXchange has created significant interest within the weather derivatives market over the past six months. It is now expanding its range of services from the current 50 climate and current weather datasets for prime locations across Europe, to around 150. There will also be new forecasts which are site-specific based on ensemble forecasting techniques* going out to six months ahead.

Notes

weatherXchange identified the worldwide increased need for accurate weather information, which is required in the pricing and trading of weather derivatives. Companies with revenues strongly affected by changes in weather, use weather derivatives to manage their weather related exposure. Large users include shipping companies, the agricultural sector, oil companies, energy markets, insurance companies and travel organisations.

*Ensemble forecasting techniques
Traditionally, weather forecasts are issued based upon a single-best solution forecast, a technique known as deterministic forecasting. For businesses to make planning and operational decisions obtaining an idea of the uncertainty of the forecast can offer a more suitable guide.

To this end, probabilistic forecasts derived from multiple forecast model runs provide more-meaningful advice as they can provide the range of likely forecasts coupled with the degree of uncertainty or likelihood of outcome.

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